

21. EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

Table 21-1. FEDERAL RESOURCES IN SUPPORT OF EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

(In millions of dollars)

Function 500	1996 Actual	Estimate					
		1997	1998	1999	2000	2001	2002
Spending:							
Discretionary Budget Authority	36,147	42,387	46,425	47,420	48,455	49,459	50,335
Mandatory Outlays:							
Existing law	13,881	10,487	10,785	10,475	10,625	10,796	11,299
Proposed legislation		-340	2,791	4,589	4,986	4,524	1,938
Credit Activity:							
Direct loan disbursements	9,120	11,984	14,536	17,636	20,162	21,736	23,076
Guaranteed loans	19,816	20,958	21,256	20,548	20,540	21,538	22,872
Tax Expenditures:							
Existing law	25,200	27,020	27,865	29,165	30,480	31,880	33,340
Proposed legislation		166	4,919	7,201	8,862	9,038	9,506

The Federal Government helps States and localities educate young people, helps the low- skilled and jobless train for and find jobs, helps youth and adults of all ages overcome financial barriers to postsecondary education and training, helps employers and employees maintain safe and stable workplaces, and helps provide social services for the needy. The Government spends about \$60 billion a year on grants to States and localities; on grants, loans, and scholarships to individuals; on direct Federal program administration; and on subsidies leveraging over \$30 billion in loans to individuals. It also allocates nearly \$33 billion a year in tax incentives for individuals.

Education

Education has long been a national priority, and for good reason. Education has served as the steppingstone for Americans who wanted better lives for themselves and their families. At the same time, Americans view education as mainly the province of State and local governments, and of families and individuals. Education spending reflects these

views—of the more than \$500 billion a year that the Nation spends on elementary, secondary, and postsecondary education, 91 percent comes from State, local, and private sources. The Federal Government contributes just nine percent.

But, though a small share of the overall investment, Federal spending targets important national needs, such as equal opportunity and high academic standards. For postsecondary education, three-fourths of all student financial aid comes in federally-backed student loans, Pell Grants, and other Federal help—and Federal aid helps half of all students pay for college. To expand access to college, the Administration is proposing a new HOPE scholarship tax credit and a tax deduction, to make two years of postsecondary education universally available and to open the doors to lifelong learning.

At elementary and secondary schools, most disadvantaged students get extra help to succeed through the Federal Title I program, launched as part of the War on Poverty and providing supplementary services, such

as special tutoring in math, to low-income children. The return on this Federal investment has been dramatic. Citing Title I, as well as Head Start and child nutrition programs, a 1994 RAND study found that “the most plausible” way to explain big education gains of low-income and minority children in the past 30 years is “some combination of increased public investment in education and social programs and changed social policies aimed at equalizing educational opportunities.” Minority students have made substantial gains in science, math, and reading since the 1970s, narrowing the gap between minority and Caucasian student achievement.

But progress has slowed in recent years, prompting the Federal Government to redirect its strategies. The Goals 2000 program is designed to elevate academic expectations for all students, by encouraging every State to set challenging standards in core subject areas. Recent changes to the Elementary and Secondary Education Act give schools more flexibility in return for greater accountability, creating an environment in which the schools use resources more efficiently. Similarly, Federal support for “charter schools” enables parents, teachers, and communities to create new, innovative public schools, which the States free from most rules and regulations and, at the same time, hold accountable for raising student achievement. Federal progress in helping students with disabilities also has proved significant. High school graduation rates have risen significantly, and 57 percent of youth with disabilities are competitively employed within five years of graduating from high school.

But in the last 30 years, perhaps the Federal Government’s most important role in education has been to help Americans afford to attend college. Federal grants, loans, and work study, which went to 7.2 million students in 1996, particularly help low- and middle-income families. From 1964 to 1993, college enrollment nearly tripled, the share of high school graduates that attended college rose by a third, and college enrollment rates for minority high school graduates rose by nearly two-thirds.

While enrollment rates rose for all groups, gaps by race and family income have widened

since 1980. One reason seems to be rising tuition, caused mainly by cuts in State support; 76 percent of all students attend State public higher education institutions. Low-income families are particularly sensitive to tuition increases, and minority families have been reluctant to take out loans, which have been the fastest-growing component of Federal aid. The availability of income-contingent loan repayments since 1993, and other flexible repayment options, are designed to help address the appropriate fears of low-income families about assuming loans. In addition, the proposed 21 percent increase in the maximum Pell grant scholarship between 1996 and 1998 is designed to help these families.

The economic returns to a college education are large. In 1993, full-time male workers over 25 years old with at least a bachelor’s degree earned 89 percent more than comparable workers with only a high school degree. But not only do the college graduates themselves benefit. The higher socioeconomic status of parents also leads to greater educational achievement by their children.

Skill Training

The elementary, secondary, and postsecondary avenues cited above lay the groundwork for Americans to get the skills they need to acquire good jobs in an increasingly competitive global economy. Most workers also acquire additional skills on the job or through the billions of dollars that employers spend to improve worker skills and productivity. These efforts help the vast majority of working-age Americans.

Nevertheless, others need additional kinds of assistance. Consequently, the Federal Government spends nearly \$7 billion a year through Labor Department programs to help dislocated workers train for, and find, new jobs, and to help economically-disadvantaged Americans learn skills with which they can move into the labor force. This aid includes a labor exchange—the State Employment Service—for anyone who wants to learn about job openings.

The Federal Government helps dislocated workers move from one job to the next. Nearly 70 percent of participants in the

Job Training Partnership Act's (JTPA) Dislocated Worker program have jobs when they leave, with average earnings of 92 percent of their previous wages. In addition, JTPA's Title II help disadvantaged adults, including welfare recipients, to get jobs. Over half of the welfare recipients who received help under Title II started jobs, with wages that averaged nearly \$7 an hour.

Other programs help youth move from high school to more schooling or work by helping States and localities build School-to-Work systems, support vocational training in secondary and postsecondary institutions, and provide a "second chance" to low-income youth who have not fared well in school or the labor market. States began to implement School-to-Work systems in 1994.

For youth who need it, the Job Corps provides intensive skill training, academic and social education, and support services in a structured, residential setting. Other programs provide summer work experience or more job training.

Workplace Safety and Law Enforcement

The Federal Government spends about \$500 million a year to promote safe and healthy workplaces for 100 million workers in six million workplaces, mainly through the Labor Department's Occupational Safety and Health Administration (OSHA) and Mine Safety and Health Administration. Regulations that help business create and maintain safe and healthy workplaces have significantly reduced illness, injury, and death from exposure to hazardous substances and dangerous equipment. The regulations clearly produce results that far exceed what Federal funds could achieve. OSHA also helps employers institute effective safety and health programs, while maintaining its strong enforcement capability.

The Government also regulates compliance with various laws that grant workers other protections—a minimum wage for virtually all workers, prevailing wages for workers on government contracts, overtime pay, restrictions on child labor, and time off for family illness or childbirth. In these cases, as with worker health and safety, the Federal Government works with the private sector to achieve

important social goals that the Government could never achieve through Federal financing alone.

National Service

The Corporation for National and Community Service, which the Government established in 1993 at the President's urging, encourages Americans of all ages to engage in community-based service. The budget proposes about \$800 million to support these programs in 1998.

AmeriCorps, the Corporation's signature initiative, each year enables thousands of young Americans of all backgrounds to serve their local communities full- or part-time. In return, they receive a minimum living allowance and an education award to help pay for post-secondary education. About 70,000 individuals have participated in AmeriCorps in its first three years, with another 35,000 expected to serve under the budget proposals. About a third of new participants in 1998 would participate in America Reads—an effort through which volunteers will help children read by themselves, and well, by the third grade.

Along with AmeriCorps, the Corporation supports the National Senior Volunteer Corps through which older Americans volunteer their time and energy to help their communities, children with disabilities, and the infirm elderly. Nearly 600,000 older Americans would participate in 1998.

Public Broadcasting

The budget proposes \$325 million for the Corporation for Public Broadcasting (CPB) to help the 352 public television stations and the 692 radio stations provide quality educational programming through such avenues as National Public Radio and the Public Broadcasting Service. Stations use CPB funds to produce original children's and educational programs, and to acquire historical and cultural programs. CPB also helps finance several system-wide activities, including national satellite interconnection services and payments of music royalty fees.

Social Services

Along with helping youth and adults gain basic and higher education and advanced workplace skills, the Federal Government provides about \$xx billion a year in grants to States and local public and private institutions to help defray the cost of social services. Those who receive these services include low-income individuals, the elderly, people with disabilities, children, and youth.

Tax Incentives

The Federal Government helps individuals, families, and employers (on behalf of their employees) plan for and buy education and training through numerous tax preferences, totaling \$32.8 billion in 1998. The budget proposes new HOPE scholarship tax credits of up to \$1,500 a year for two years of postsecondary education, and again proposes tax deductions of up to \$10,000 for tuition and fees for college, graduate school, or job training.

The tax code already provides other avenues for saving, and paying, for education and training. State and local governments can issue tax-exempt debt to finance student loans or the construction of facilities used by non-profit educational institutions. Interest from certain U.S. Savings Bonds also is tax-free if the bonds are used solely to finance educational costs. Also under the tax code, many employers can, and do, provide employee benefits that are not counted as income.

The law offers employers a Work Opportunity Tax Credit, enabling them to claim a tax credit for a portion of wages they pay to certain hard-to-employ individuals who work for the employer for a minimum period. The budget proposes: (1) to enhance the credit with regard to long-term welfare recipients, and (2) to extend the existing credit to able-bodied childless adults aged 18 to 50 who, under the Administration's Food Stamp proposal, would face a more rigorous work requirement in order to continue receiving Food Stamps.